

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 166240

61

ORIGIN EB-11

INFO OCT-01 IO-13 ADP-00 STR-08 AGR-20 COME-00 AF-10

ARA-16 EA-11 EUR-25 NEA-10 RSC-01 OMB-01 TAR-02

AID-20 CIAE-00 INR-10 LAB-06 NSAE-00 OIC-04 SIL-01

TRSE-00 CIEP-02 CEA-02 INRE-00 /174 R

DRAFTED BY EB/ORF/ICD:NHERRINGER

8/21/73 EXT. 20306

APPROVED BY EB/ORF/ICD:JINGERSOLL

EB/OT/GCP:JO'MAHONY

STR:HLAWRENCE

AGRI:RMCCONNELL (INFO)

COMMERCE:AMACONE (INFO)

----- 014629

O 212214Z AUG 73

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

LIMITED OFFICIAL USE STATE 166240

FOR CLAY BLACK

E.O. 11652

TAGS: ETRD, UNCTAD

SUBJECT: UNCTAD TRADE AND DEVELOPMENT BOARD, THIRTEENTH

SESSION, GENEVA, AUGUST 21

AGENDA ITEM 4 - DIVERSIFICATION; AMENDED GUIDANCE;

AND AGENDA ITEM 6 A - COMMODITY PROBLEMS AND

POLICIES; AMENDED GUIDANCE

1. THE FOLLOWING INSTRUCTIONS HAVE NOT BEEN FULLY CLEARED
BUT ARE BEING PROVIDED IN THE INTEREST OF THE URGENCY OF
THE SITUATION. CLEARANCES WILL BE TELEPHONED TOMORROW.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 166240

2. FOLLOWING CHANGES SHOULD BE MADE IN GUIDANCE FOR AGENDA

ITEM 4 (RESOLUTION ON DIVERSIFICATION AND ALTERNATIVE TEXT) WHICH WAS HAND-CARRIED TO GENEVA.

3. DISCUSSION: ADD AS SECOND PARAGRAPH, "FOR THE DELEGATION'S INFORMATION, THE RECENT SITUATION OF WORLD SHORTAGES IN MANY AGRICULTURAL AND MINERAL PRIMARY COMMODITIES, WILL PROBABLY REDUCE INTEREST IN THE ISSUE OF DIVERSIFICATION, WHICH IS GENERALLY PERCEIVED AS A DEVICE FOR DEALING WITH THE PROBLEMS OF SURPLUSES, AS WELL AS MARKET INSTABILITY. THIS CIRCUMSTANCE MAY HELP IN AVOIDING PRECIPITATE ACTION ON THE RESOLUTION AT THE PRESENT MEETING."

4. THE FOLLOWING CHANGES SHOULD BE MADE IN GUIDANCE FOR AGENDA ITEM 6 (A), "COMMODITY PROBLEMS AND POLICIES, INCLUDING THE REPORT OF THE COMMITTEE ON COMMODITIES, SEVENTH SPECIAL SESSION AND OF THE ADVISORY COMMITTEE TO THE BOARD AND TO THE COMMITTEE ON COMMODITIES ON ITS EIGHTH SESSION."

5. U.S. POSITION: PARA 4: DELETE PARA AND REPLACE WITH "THE U.S. DEL SHOULD DETERMINE, PREFERABLY PRIVATELY, THE SECRETARIAT'S THINKING REGARDING "THE SCOPE OF SUBSEQUENT INTERGOVERNMENTAL CONSULTATIONS." IF BY THIS IT IS MEANT THAT CONSULTATIONS ON ADDITIONAL COMMODITIES BEYOND THESE LISTED IN THE ANNEX OF THE SYG'S LETTER OF JULY L8, 1973, ARE BEING CONSIDERED, THE U.S. DEL SHOULD RESERVE ITS POSITION."

6. DISCUSSION: PARA 3: ADD AS LAST TWO SENTENCES, "HOWEVER, IT IS THE U.S. VIEW THAT THESE CONSULTATIONS SHOULD NOT DELIBERATELY SET UP A SECOND PHASE OF DISCUSSIONS. ATTEMPTS SHOULD BE MADE TO COMPLETE THESE CONSULTATIONS IN ONE MEETING AND A SECOND PHASE OF DISCUSSIONS SHOULD TAKE PLACE ONLY IF THE INDIVIDUAL CONSULTATION GROUP DETERMINES THAT A SECOND PHASE IS NECESSARY."

7. REGARDING THE REPORT OF THE ADVISORY COMMITTEE TO THE BOARD OF US DEL SHOULD BE GUIDED BY THE FOLLOWING INSTRUCTIONS.

8. THE U.S. DEL MAY NOTE THE REPORT BUT SHOULD POINT OUT THAT THE REPORT CAME SO LATE THAT THE DELEGATION SHOULD NOT BE EXPECTED TO COMMENT AT LENGTH ON THE REPORT.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 166240

THE REPORT SHOULD BE GIVEN FURTHER CONSIDERATION AT THE COMMITTEE ON COMMODITIES, EIGHTH SESSION.

9. REGARDING REPORT'S DISCUSSION OF EXCHANGE RATE INSTABILITY AND PROPOSALS FOR ADJUSTMENTS IN COMMODITY AGREEMENTS TO REFLECT EXCHANGE RATE MOVEMENTS, THE U.S. DEL MAY NOTE THAT SEVERAL COMMODITY AGREEMENTS PERMIT, ALTHOUGH NOT MANDATORY, ADJUSTMENTS FOR EXCHANGE RATE CHAN-

GES. THE U.S. DOES OBJECT TO AUTOMATIC TRIGGER CLAUSES WHICH WOULD MAKE SUCH ADJUSTMENTS.

10. IF IT IS NECESSARY TO RESPOND TO REPORT'S PROPOSALS FOR STUDIES OF IMPLICATIONS OF EXCHANGE RATE INSTABILITY AND INFLATION FOR THE LDCS, THE US DEL SHOULD

REFER ANY DECISIONS TO BE TAKEN TO COMMITTEE ON COMMODITIES. AS A FALL BACK POSITION, THE US DEL CAN AGREE TO SUCH STUDIES PROVIDED THAT THE STUDIES AND TERMS OF REFERENCE OF SUCH STUDIES DO NOT PRESENT BIASED DISCUSSIONS OF THE TOPICS AND DO NOT PREJUDGE THE OUTCOME.

11. CONCERNING PARA 27:THE U.S DOES NOT OBJECT TO THE CONSIDERATION OF SEMI PROCESSED COMMODITIES IN THE INTERGOVERNMENTAL COMMODITY CONSULTATIONS.

12. CONCERNING EXCHANGE RATE INSTABILITY, MARKET PRICES OF COMMODITIES TYPICALLY DO REACT TO CHANGES IN EXCHANGE RATE, BUT SUCH CHANGES ARE ONLY ONE OF MANY FACTORS INFLUENCING MARKET PRICES AT ANY TIME. ALTHOUGH HARD TO QUANTIFY, EFFECTS OF EXCHANGE RATE CHANGES ON EARNING AND IMPORT COSTS WILL ALSO VARY AS AMONG INDIVIDUAL COUNTRIES; THUS, IT WOULD BE IMPOSSIBLE TO ARRIVE AT SINGLE RATE OF ADJUSTMENT APPROPRIATE TO ALL COUNTRIES EXPORTING A PARTICULAR PRODUCT. ANY AGREED INCREASE IN PRICE PAID TO EXPORTERS OR USED TO TRIGGER CONTROL MECHANISMS OF AN AGREEMENT WOULD BE ARBITRARY AND INVOLVE RISK OF MARKET DISLOCATIONS. LDC PROPOSALS FOR EXCHANGE RATE ADJUSTMENTS IN COMMODITY AGREEMENTS ARE AKIN TO THEIR REQUEST TO BE COMPENSATED FOR LOSSES IN PURCHASING POWER OF FOREIGN EXCHANGE RESERVES. THE U.S. DOES NOT GO AS FAR AS OTHER GOVERNMENTS IN SUPPORTING SUCH LOSS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 166240

OF PURCHASING POWER. ROGERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITY AGREEMENTS, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE166240
Document Source: CORE
Document Unique ID: 00
Drafter: NHERRINGER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730824/aaaaarig.tel
Line Count: 155
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Oct-2001 by eisnerah>; APPROVED <01 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD TRADE AND DEVELOPMENT BOARD, THIRTEENTH SESSION, GENEVA, AUGUST 21
TAGS: ETRD, US, UNCTAD
To: GENEVA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005